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6 UNITED STATES DISTRICT COURT  
7 WESTERN DISTRICT OF WASHINGTON  
8 AT SEATTLE

9 EC-MAGNUSON POINTE, LLC, a  
10 Delaware limited liability company,

11 Plaintiff,

12 v.

13 MAGNUSON POINTE CONDOMINIUM  
14 ASSOCIATION, a Washington nonprofit  
15 corporation,

16 Defendant.

No. C09-1438Z

ORDER

17 THIS MATTER comes before the Court on Defendant Magnuson Pointe  
18 Condominium Association's Motion to Dismiss or Stay, docket no. 5. Having reviewed the  
19 papers filed in support of and in opposition to the motion, the Court GRANTS Defendant's  
20 motion, docket no. 5, and DISMISSES without prejudice Plaintiff's Complaint for  
21 Declaratory Relief.

22 **I. BACKGROUND**

23 This federal action and a related state court action arise out of a 2005 conversion of  
24 apartments to condominiums by EC-Magnuson Pointe, LLC (the "Developer"). The  
25 Magnuson Pointe Condominium Association (the "Association"), which represents  
26 condominium unit owners, has alleged ten constructive defect and property damage claims in  
a state court action against the Developer and nine other defendants. Siegel Decl., docket no.  
6, Ex. 1 (state court complaint, filed Oct. 19, 2009). In the present federal action, the

1 Developer has alleged a single claim for declaratory relief pursuant to 28 U.S.C. § 2201  
2 against the Association. Compl., docket no. 1 (federal court complaint, filed Oct. 13, 2009).  
3 The Developer specifically seeks a declaratory judgment that “on April 17, 2008 the parties  
4 entered into a valid and binding oral agreement, which was subsequently reduced to writing  
5 and partially performed by Developer, the essential terms of which are that in exchange for a  
6 release of all claims by the [Association], Developer agreed to pay to the [Association]  
7 \$136,676.00 for the certain repairs and upgrades to the buildings, and to perform other  
8 repairs directly at its own expense.” Compl. at 6. The Association now moves to dismiss or  
9 stay this federal action pending the resolution of the state court action.

## 10 **II. DISCUSSION**

11 The Declaratory Judgment Act “confer[s] on federal courts unique and substantial  
12 discretion in deciding whether to declare the rights of litigants.” Wilton v. Seven Falls Co.,  
13 515 U.S. 277, 286 (1995); see also 28 U.S.C. 2201(a) (“In a case of actual controversy within  
14 its jurisdiction, . . . any court of the United States, upon the filing of an appropriate pleading,  
15 *may* declare the rights and other legal relations of any interested party seeking such  
16 declaration, whether or not further relief is or could be sought.”) (emphasis added). Before  
17 exercising its declaratory discretion, a district court must first ensure that the constitutional  
18 and statutory jurisdictional prerequisites are met. Gov’t Employees Ins. Co. v. Dizol, 133  
19 F.3d 1220, 1222-23 (9th Cir. 1998) (“A lawsuit seeking federal declaratory relief must first  
20 present an actual case or controversy within the meaning of Article III, section 2 of the  
21 United States Constitution” and “fulfill statutory jurisdictional prerequisites.”). Here, there is  
22 no dispute that an actual case or controversy exists. Nor is there any dispute that the Court  
23 has diversity jurisdiction pursuant to 28 U.S.C. § 1332. See Compl. ¶¶ 1-3.

24 The inquiry thus turns to whether the Court should use its discretion to exercise  
25 jurisdiction under the Declaratory Judgment Act. Where a suit “passes constitutional and  
26 statutory muster, the district court must also be satisfied that entertaining the action is

1 appropriate.” Gov’t Employees Ins. Co. v. Dizol, 133 F.3d at 1223. “The district court  
2 should avoid needless determination of state law issues; it should discourage litigants from  
3 filing declaratory actions as a means of forum shopping; and it should avoid duplicative  
4 litigation.” Id. at 1225 (citing factors listed in Brillhart v. Excess Ins. Co. of America, 316  
5 U.S. 491, 495 (1942)); see also id. at 1225 n.5 (listing other considerations). The existence  
6 of parallel state proceedings triggers a presumption that the entire suit should be heard in  
7 state court. See id. at 1225 (citing Chamberlain v. Allstate Ins. Co., 931 F.2d 1361, 1366-67  
8 (9th Cir. 1991)). “Ordinarily it would be uneconomical as well as vexatious for a federal  
9 court to proceed in a declaratory judgment suit where another suit is pending in a state court  
10 presenting the same issues, not governed by federal law, between the parties.” Brillhart, 316  
11 U.S. at 495.

12       The Court will decline to exercise its jurisdiction under the Declaratory Judgment  
13 Act. The Court is satisfied that the facts of this case are substantially similar to those in the  
14 Balaton case decided in this district several years ago. See Balaton Condo., LLC v. Balaton  
15 Condo. Ass’n, No. C07-564-JCC, 2007 WL 2069861 (W.D. Wash., July 17, 2007). As in  
16 Balaton, the present federal action entails only Washington substantive law; all the parties to  
17 the federal action are parties to a pending state court action; the issues raised in this federal  
18 forum may be central to the state court action; and there is evidence of forum shopping in  
19 light of the parties’ negotiations leading up to the court-filings and litigation. The Court is  
20 unpersuaded by the Developer’s argument that the state court action is not a parallel  
21 proceeding because it involves different issues. While the settlement agreement issue  
22 presented by the Developer in this federal action is indeed narrower than the issues involved  
23 in the state proceeding, it will undoubtedly play a significant role in determining the outcome  
24 of the state action. Further, the dispute between the parties as to whether the narrower  
25 question before the Court could be easily settled with minimal discovery leads the Court to  
26 believe that the matter is more properly addressed in state court, with the participation of all

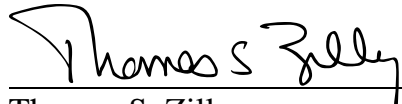
1 of the parties to that action. Allowing this case to move forward would unnecessarily create  
2 duplicative litigation.

3 **III. CONCLUSION**

4 The Court GRANTS Defendant Magnuson Pointe Condominium Association's  
5 Motion to Dismiss, docket no. 5, and DISMISSES without prejudice Plaintiff's Complaint  
6 for Declaratory Relief.

7 IT IS SO ORDERED.

8 DATED this 6th day of January, 2010.

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11 Thomas S. Zilly  
United States District Judge